GOVERNMENT OF INDIA
DISINVESTMENT
LOK SABHA

UNSTARRED QUESTION NO:383
ANSWERED ON:20.11.2001
SALE OF HOTEL CORPORATION OF INDIA
Y.S. VIVEKANANDA REDDY

Will the Minister of DISINVESTMENT be pleased to state:

(a) whether the Government`s decision to separate the sale of Hotel Corporation of India from the privatization of the carrier has affected Air India`s plans to improve its profitability;

(b) if so, the main reasons for taking such a decision by the Government;

(c) whether any alternative has been worked out to improve the profitability of Air India; and

(d) if so, the details thereof?

Answer

MINISTER OF DISINVESTMENT AND MINISTER OF DEVELOPMENT OF NORTH EASTERN REGION (SHRI ARUN SHOURIE)

a) &b) In accordance with the recommendations of the Disinvestment Commission, it was decided that the Boards of Management of the concerned Public Sector Holding Companies would decide the case of their subsidiaries. Hence, the Board of Air India Limited (AI), the holding company for Hotel Corporation of India Limited (HCI) was separately implementing the decision regarding disinvestment of HCI. On a proposal from the Ministry of Civil Aviation, it was decided in September 2001 that the Ministry of Disinvestment would takeover the process of disinvestment of HCI and the revenue that would accrue from the disinvestment of HCI would flow into Air India.

c) & d) The Disinvestment Commission had recommended infusion of Rs. 1000 crores before floating sale of shares in the market and/or to the strategic partner. The Government did not accept this recommendation keeping in view the overall policy, priorities and prevailing financial position.